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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
POLICY SUBCOMMITTEE  
OF THE  
INVESTMENT COMMITTEE**

**MINUTES OF MEETING**

**August 15, 2011**

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A meeting of the Policy Subcommittee was held on Monday, August 15, 2011 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 4:55 p.m. and the following members were present:

JJ Jelincic, Chair  
Louis F. Moret, Vice Chair  
Richard Costigan  
George Diehr  
Priya Mathur

Other Board members present:

Michael Bilbrey  
John Chiang represented by Terry McGuire  
Bill Lockyer represented by Pam Milliron

Chair Jelincic requested that a standard approach be developed for future agenda item memos. Staff will develop and consult with the Chair regarding a standard agenda item framework for implementation at the October 2011 Policy Subcommittee meeting.

**AGENDA ITEM 2 – APPROVAL OF THE JUNE 2011 MEETING MINUTES**

On **MOTION** by Mr. Moret, **SECONDED** and **CARRIED** to approve the June 15, 2011 meeting minutes as presented.

### **AGENDA ITEM 3 – Changes to the Absolute Return Strategies (ARS) Program (formerly the Risk Managed Absolute Return Strategies (RMARS) Program) and Revisions to Related Policies**

#### **a. Revision of the ARS Policy**

Craig Dandurand, Portfolio Manager, presented the item. Michael Schlachter, Wilshire Consulting, was available to respond to questions from the Subcommittee.

The revised Statement of Investment Policy for ARS Program reflected changes related to both investment and administrative matters. The investment related revisions address the targeted risk and liquidity profile of the portfolio. The revisions associated with administrative issues are attributable to the change in the reporting structure.

The Subcommittee provided input and deferred consideration of revisions to the RMARS Policy pending Investment Committee discussion of the asset allocation strategy.

#### **b. Revision of Global Equity Sub-Asset Class Allocation Ranges Policy**

Staff presented revisions to the Statement of Investment Policy for Global Equity Sub-Asset Class Allocation Ranges which are primarily attributed to the allocation of capital to the ARS Program no longer being tied to a range within the Global Equity portfolio.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Global Equity Sub-Asset Class Allocation Ranges.

### **AGENDA ITEM 4 – Revision of Global Principles of Accountable Corporate Governance**

Anne Simpson, Senior Portfolio Manager, presented the item. Andrew Junkin, Wilshire Consulting, was available to respond to questions from the Subcommittee.

The Global Principles of Accountable Corporate Governance (Global Principles) create the framework by which CalPERS executes its proxy voting responsibilities. Staff recommended revisions which included new and updated sections on Board Talent Assessment and Diversity, Executive Compensation, Integrity of Financial Reporting, Risk Oversight, and Corporate Political Contributions.

The Subcommittee reviewed revisions to the Global Principles of Accountable Corporate Governance and provided input.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED** to approve the revised CalPERS Global Principles of Accountable Corporate Governance as a first reading. A second reading will be scheduled for the next Policy Subcommittee meeting.

## **AGENDA ITEM 5 – DRAFT AGENDA**

The Subcommittee accepted the proposed October 17, 2011 draft agenda.

## **AGENDA ITEM 6 – PUBLIC COMMENT**

There were no public comments.

The meeting was adjourned at approximately 5:40 p.m.

The next Subcommittee meeting is scheduled for October 17, 2011 at a time to be determined in Sacramento, California.